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FISCAL IMPACT REPORT

ORIGINAL DATE 2/23/07

SPONSOR B Lujan LAST UPDATED _____ HB 1176

SHORT TITLE State High School Basketball Tourney SB _____

ANALYST Wilson

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$100.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$2.7	\$2.7	\$8.1	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 1176 appropriates \$100,000 from the general fund to the PED for expenditure in fiscal year 2008 for the annual state high school basketball tournament, including personnel, management, security, custodial, utility and rental costs.

FISCAL IMPLICATIONS

The appropriation of \$100,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general fund

If funded, the PED would be responsible for providing funding and monitoring expenditures.

This process would take approximately 80 hours of an Education Administrator's time @ \$25.50 per hour plus benefits of 30% ($1.3 \times \$25.50 \times 80$) for a total cost of \$2,700.

SIGNIFICANT ISSUES

PED provided the following:

- The cost of using the PIT at the University of New Mexico for the annual high school state basketball tournament is \$30,000 per day. Alternative venues could possibly reduce costs.
- The costs include certain expenses such as personnel, management, security, custodial, utility and rental costs.
- The tournament is five days in March and includes both the boys and girls state tournament.
- The state tournaments for basketball, football and cheerleading make a profit for the New Mexico Activities Association (a non-profit organization). The annual state high school basketball tournament is the main profit-making tournament for the New Mexico Activities Association.
- Non-profits could rely on fund-raising efforts to cover costs associated with organizational projects and activities.
- In addition, the New Mexico Activities Association advertises an impressive list of corporate sponsors.
- Other sports such as swimming and diving, wrestling, soccer, tennis do not provide revenue for the New Mexico Activities Association.
- The New Mexico Activities Association needs to make a \$300.0 profit from the annual state high school basketball tournament to help pay for the other state tournaments.

ADMINISTRATIVE IMPLICATIONS

The bill creates PED oversight responsibilities to see that the funds are properly accounted for and expended in accordance with the intentions of the Legislature. PED would need to designate staff to develop and monitor a contract.

OTHER SUBSTANTIVE ISSUES

Physical activity programs, such as basketball, may serve as an incentive to improve attendance, consequently positively impacting public school performance measures and benchmarks regarding reading, language arts, mathematics and graduation rates.

DW/mt